

<input checked="" type="checkbox"/> FILED ENTERED	<input type="checkbox"/> RECEIVED SERVED ON COUNSEL/PARTIES OF RECORD
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> MAY 28 2024 </div>	
CLERK US DISTRICT COURT DISTRICT OF NEVADA	
BY: _____	DEPUTY _____

1 E. MARTIN ESTRADA
 United States Attorney
 2 MACK E. JENKINS
 Assistant United States Attorney
 3 Chief, Criminal Division
 RANEE A. KATZENSTEIN
 4 Assistant United States Attorney
 Chief, Major Frauds Section
 5 JAMES C. HUGHES (Cal. Bar No. 263878)
 Assistant United States Attorney
 6 Major Frauds Section
 1100 United States Courthouse
 7 312 North Spring Street
 Los Angeles, California 90012
 8 Telephone: (213) 894-2579
 Facsimile: (213) 894-6269
 9 E-mail: James.Hughes2@usdoj.gov

10 GLENN S. LEON
 Chief, Fraud Section
 11 Criminal Division, U.S. Department of Justice
 THEODORE M. KNELLER (D.C. Bar No. 978680)
 12 Trial Attorney, Fraud Section
 Criminal Division, U.S. Department of Justice
 13 1400 New York Avenue, NW
 Washington, DC 20005
 14 Telephone: (202) 514-5799
 E-mail: Theodore.Kneller@usdoj.gov

15 Attorneys for Plaintiff
 16 UNITED STATES OF AMERICA

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

19 UNITED STATES OF AMERICA,

20 Plaintiff,

21 v.

22 DAVID LEE KAGEL,

23 Defendant.

CR No. 2:23-cr-00313-SB

PLEA AGREEMENT FOR DEFENDANT
DAVID LEE KAGEL

25 1. This constitutes the plea agreement between defendant DAVID
 26 LEE KAGEL ("defendant") and the United States Attorney's Office for
 27 the Central District of California and the United States Department
 28 of Justice, Criminal Division, Fraud Section (collectively referred

1 to herein as the "United States"), in the above-captioned case. This
2 agreement is limited to the United States and cannot bind any other
3 federal, state, local, or foreign prosecuting, enforcement,
4 administrative, or regulatory authorities.

5 DEFENDANT'S OBLIGATIONS

6 2. Defendant agrees to:

7 a. Give up the right to indictment by a grand jury and,
8 at the earliest opportunity requested by the United States and
9 provided by the Court, appear and plead guilty to Count One of the
10 Information in the form attached hereto as Exhibit A or a
11 substantially similar form, charging defendant with Conspiracy, in
12 violation of Title 18, United States Code, Section 371 (Count One).

13 b. Not contest facts agreed to in this agreement.

14 c. Abide by all agreements regarding sentencing contained
15 in this agreement.

16 d. Appear for all court appearances, surrender as ordered
17 for service of sentence, obey all conditions of any bond, and obey
18 any other ongoing court order in this matter.

19 e. Not commit any crime; however, offenses that would be
20 excluded for sentencing purposes under United States Sentencing
21 Guidelines ("U.S.S.G." or "Sentencing Guidelines") § 4A1.2(c) are not
22 within the scope of this agreement.

23 f. Be truthful at all times with the United States
24 Probation and Pretrial Services Office and the Court.

25 g. Pay the applicable special assessment at or before the
26 time of sentencing unless defendant has demonstrated a lack of
27 ability to pay such assessments.

28 h. Defendant agrees that any and all criminal debt

1 ordered by the Court will be due in full and immediately. The
2 government is not precluded from pursuing, in excess of any payment
3 schedule set by the Court, any and all available remedies by which to
4 satisfy defendant's payment of the full financial obligation,
5 including referral to the Treasury Offset Program.

6 i. Complete the Financial Disclosure Statement on a form
7 provided by the United States and, within 30 days of defendant's
8 entry of a guilty plea, deliver the signed and dated statement, along
9 with all of the documents requested therein, to the United States by
10 either email at usacac.FinLit@usdoj.gov (preferred) or mail to the
11 United States Financial Litigation Section at 300 North Los Angeles
12 Street, Suite 7516, Los Angeles, CA 90012. Defendant agrees that
13 defendant's ability to pay criminal debt shall be assessed based on
14 the completed Financial Disclosure Statement and all required
15 supporting documents, as well as other relevant information relating
16 to ability to pay.

17 j. Authorize the United States to obtain a credit report
18 upon returning a signed copy of this plea agreement.

19 k. Consent to the United States inspecting and copying
20 all of defendant's financial documents and financial information held
21 by the United States Probation and Pretrial Services Office.

22 THE UNITED STATES' OBLIGATIONS

23 3. The United States agrees to:

24 a. Not contest facts agreed to in this agreement.

25 b. Abide by all agreements regarding sentencing contained
26 in this agreement.

27 c. At the time of sentencing, provided that defendant
28 demonstrates an acceptance of responsibility for the offense up to

1 and including the time of sentencing, recommend a two-level reduction
2 in the applicable Sentencing Guidelines offense level, pursuant to
3 U.S.S.G. § 3E1.1, and recommend and, if necessary, move for an
4 additional one-level reduction if available under that section.

5 d. Except for criminal tax violations (including
6 conspiracy to commit such violations chargeable under 18 U.S.C.
7 § 371), not further criminally prosecute defendant for violations
8 arising out of defendant's conduct described in the agreed-to factual
9 basis of the agreement. Defendant understands that the United States
10 is free to criminally prosecute defendant for any other unlawful past
11 conduct or any unlawful conduct that occurs after the date of this
12 agreement. Defendant agrees that at the time of sentencing, the
13 Court may consider the uncharged conduct in determining the
14 applicable Sentencing Guidelines range, the propriety and extent of
15 any departure from that range, and the sentence to be imposed after
16 consideration of the Sentencing Guidelines and all other relevant
17 factors under 18 U.S.C. § 3553(a).

18 NATURE OF THE OFFENSE

19 4. Defendant understands that for defendant to be guilty of
20 the crime charged in Count One, that is Conspiracy, in violation of
21 Title 18, United States Code, Section 371, the following must be
22 true:

23 a. Beginning in or before December 2017, and continuing
24 until in or about June 2022, there was an agreement between two or
25 more persons to violate Title 7, United States Code, Sections 9(1)
26 and 13(a)(5) and Title 17, Code of Federal Regulations, Section
27 180.1(a) by knowingly and willfully, and in connection with a
28 contract of sale of a commodity in interstate commerce, using a

1 device or scheme to defraud, making an untrue statement of material
2 fact, or failing to disclose a material fact that resulted in making
3 statements misleading.

4 b. In or about December 2017, defendant became a member
5 of the conspiracy knowing of its object and intending to help
6 accomplish it; and

7 c. One of the members of the conspiracy performed at
8 least one overt act in furtherance of the conspiracy in the Central
9 District of California.

10 PENALTIES AND RESTITUTION

11 5. Defendant understands that the statutory maximum sentence
12 that the Court can impose for a violation of Title 18, United States
13 Code, Section 371 is: five years' imprisonment; a three-year period
14 of supervised release; a fine of \$250,000 or twice the gross gain or
15 gross loss resulting from the offense, whichever is greatest; and a
16 mandatory special assessment of \$100.

17 6. Defendant understands that defendant will be required to
18 pay full restitution to the victims of the offense to which defendant
19 is pleading guilty. Defendant agrees that, in return for the United
20 States' compliance with its obligations under this agreement, the
21 Court may order restitution to persons other than the victims of the
22 offense to which defendant is pleading guilty and in amounts greater
23 than those alleged in the count to which defendant is pleading
24 guilty. In particular, defendant agrees that the Court may order
25 restitution to any victim of any of the following for any losses
26 suffered by that victim as a result: (a) any relevant conduct, as
27 defined in U.S.S.G. § 1B1.3, in connection with the offense to which
28 defendant is pleading guilty. The parties currently believe that the

1 applicable amount of restitution is approximately \$13,561,923 but
2 recognize and agree that this amount could change based on facts that
3 come to the attention of the parties prior to sentencing.

4 7. Defendant understands that supervised release is a period
5 of time following imprisonment during which defendant will be subject
6 to various restrictions and requirements. Defendant understands that
7 if defendant violates one or more of the conditions of any supervised
8 release imposed, defendant may be returned to prison for all or part
9 of the term of supervised release authorized by statute for the
10 offense that resulted in the term of supervised release, which could
11 result in defendant serving a total term of imprisonment greater than
12 the statutory maximum stated above.

13 8. Defendant understands that, by pleading guilty, defendant
14 may be giving up valuable government benefits and valuable civic
15 rights, such as the right to vote, the right to possess a firearm,
16 the right to hold office, and the right to serve on a jury.
17 Defendant understands that he is pleading guilty to a felony and that
18 it is a federal crime for a convicted felon to possess a firearm or
19 ammunition. Defendant understands that the conviction in this case
20 may also subject defendant to various other collateral consequences,
21 including but not limited to revocation of probation, parole, or
22 supervised release in another case, suspension of social security
23 benefits during the period of incarceration, and suspension or
24 revocation of a professional license. Defendant understands that
25 unanticipated collateral consequences will not serve as grounds to
26 withdraw defendant's guilty plea.

27 9. Defendant understands that, if defendant is not a United
28 States citizen, the felony conviction in this case may subject

1 defendant to: removal, also known as deportation, which may, under
2 some circumstances, be mandatory; denial of citizenship; and denial
3 of admission to the United States in the future. The Court cannot,
4 and defendant's attorney also may not be able to, advise defendant
5 fully regarding the immigration consequences of the felony conviction
6 in this case. Defendant understands that unexpected immigration
7 consequences will not serve as grounds to withdraw defendant's guilty
8 plea.

9 FACTUAL BASIS

10 Defendant admits that defendant is, in fact, guilty of the
11 offense to which defendant is agreeing to plead guilty. Defendant
12 and the United States agree to the statement of facts attached as
13 Exhibit B and agree that this statement of facts is sufficient to
14 support a plea of guilty to the charge described in this agreement
15 and to establish the Sentencing Guidelines factors set forth in
16 paragraph 11 below but is not meant to be a complete recitation of
17 all facts relevant to the underlying criminal conduct or all facts
18 known to either party that relate to that conduct.

19 SENTENCING FACTORS

20 10. Defendant understands that in determining defendant's
21 sentence the Court is required to calculate the applicable Sentencing
22 Guidelines range and to consider that range, possible departures
23 under the Sentencing Guidelines, and the other sentencing factors set
24 forth in 18 U.S.C. § 3553(a). Defendant understands that the
25 Sentencing Guidelines are advisory only, that defendant cannot have
26 any expectation of receiving a sentence within the calculated
27 Sentencing Guidelines range, and that after considering the
28 Sentencing Guidelines and the other § 3553(a) factors, the Court will

1 be free to exercise its discretion to impose any sentence it finds
2 appropriate up to the maximum set by statute for the crime of
3 conviction.

4 11. Defendant and the United States agree that the following
5 Sentencing Guidelines factors apply:

6	Base Offense Level:	6	U.S.S.G. § 2B1.1(a)(2)
7	Specific Offense		
8	Characteristic: Value of		
	funds exceeds \$9.5 million	+20	U.S.S.G. § 2B1.1(K)
9	Adjustment: Abuse of Position		
10	of Trust or Use of Special	+2	U.S.S.G. § 3B1.3
	Skill		

11 The United States will agree to a two-level downward adjustment for
12 acceptance of responsibility (and, if applicable, move for an
13 additional one-level downward adjustment under U.S.S.G. § 3E1.1(b))
14 only if the conditions set forth in paragraph 3 are met. Defendant
15 and the United States reserve the right to argue that additional
16 specific offense characteristics, adjustments, and departures under
17 the Sentencing Guidelines are appropriate.

18 12. Defendant understands that there is no agreement as to
19 defendant's criminal history or criminal history category.

20 13. Defendant and the United States reserve the right to argue
21 for a sentence outside the sentencing range established by the
22 Sentencing Guidelines based on the factors set forth in 18 U.S.C.
23 § 3553(a)(1), (a)(2), (a)(3), (a)(6), and (a)(7).

24 WAIVER OF CONSTITUTIONAL RIGHTS

25 14. Defendant understands that by pleading guilty, defendant
26 gives up the following rights:

27 a. The right to persist in a plea of not guilty.

1 b. The right to a speedy and public trial by jury.

2 c. The right to be represented by counsel -- and if
3 necessary, have the Court appoint counsel -- at trial. Defendant
4 understands, however, that defendant retains the right to be
5 represented by counsel -- and if necessary, have the Court appoint
6 counsel -- at every other stage of the proceeding.

7 d. The right to be presumed innocent and to have the
8 burden of proof placed on the government to prove defendant guilty
9 beyond a reasonable doubt.

10 e. The right to confront and cross-examine witnesses
11 against defendant.

12 f. The right to testify and to present evidence in
13 opposition to the charges, including the right to compel the
14 attendance of witnesses to testify.

15 g. The right not to be compelled to testify, and, if
16 defendant chose not to testify or present evidence, to have that
17 choice not be used against defendant.

18 h. Any and all rights to pursue any affirmative defenses,
19 Fourth Amendment or Fifth Amendment claims, and other pretrial
20 motions that have been filed or could be filed.

21 WAIVER OF APPEAL OF CONVICTION

22 15. Defendant understands that, with the exception of an appeal
23 based on a claim that defendant's guilty plea was involuntary, by
24 pleading guilty defendant is waiving and giving up any right to
25 appeal defendant's conviction on the offense to which defendant is
26 pleading guilty. Defendant understands that this waiver includes,
27 but is not limited to, arguments that the statutes to which defendant
28 is pleading guilty are unconstitutional, and any and all claims that

1 the statement of facts provided herein is insufficient to support
2 defendant's plea of guilty.

3 WAIVER OF APPEAL AND COLLATERAL ATTACK

4 16. Defendant agrees that, provided the Court imposes a term of
5 imprisonment of no more than five years, defendant gives up the right
6 to appeal all of the following: (a) the procedures and calculations
7 used to determine and impose any portion of the sentence; (b) the
8 term of imprisonment imposed by the Court, including, to the extent
9 permitted by law, the constitutionality or legality of defendant's
10 sentence, provided it is within the statutory maximum; (c) the fine
11 imposed by the Court, provided it is within the statutory maximum;
12 (d) to the extent permitted by law, the constitutionality or legality
13 of defendant's sentence, provided it is within the statutory maximum;
14 (e) the term of probation or supervised release imposed by the Court,
15 provided it is within the statutory maximum; and (f) any of the
16 following conditions of probation or supervised release imposed by
17 the Court: the conditions set forth in Second Amended General Order
18 20-04 of this Court; the drug testing conditions mandated by 18
19 U.S.C. §§ 3563(a)(5) and 3583(d); and the alcohol and drug use
20 conditions authorized by 18 U.S.C. § 3563(b)(7).

21 17. Defendant also gives up any right to bring a post-
22 conviction collateral attack on the conviction or sentence, including
23 any order of restitution, except a post-conviction collateral attack
24 based on a claim of ineffective assistance of counsel, a claim of
25 newly discovered evidence, or an explicitly retroactive change in the
26 applicable Sentencing Guidelines, sentencing statutes, or statutes of
27 conviction. Defendant understands that this waiver includes, but is
28 not limited to, arguments that the statutes to which defendant is

1 pleading guilty are unconstitutional, and any and all claims that the
2 statement of facts provided herein is insufficient to support
3 defendant's plea of guilty.

4 18. This agreement does not affect in any way the right of the
5 United States to appeal the sentence imposed by the Court.

6 RESULT OF WITHDRAWAL OF GUILTY PLEA

7 19. Defendant agrees that if, after entering a guilty plea
8 pursuant to this agreement, defendant seeks to withdraw and succeeds
9 in withdrawing defendant's guilty plea on any basis other than a
10 claim and finding that entry into this plea agreement was
11 involuntary, then the United States will be relieved of all of its
12 obligations under this agreement.

13 EFFECTIVE DATE OF AGREEMENT

14 20. This agreement is effective upon signature and execution of
15 all required certifications by defendant, defendant's counsel, and an
16 Assistant United States Attorney or Department of Justice Trial
17 Attorney.

18 BREACH OF AGREEMENT

19 21. Defendant agrees that if defendant, at any time after the
20 effective date of this agreement, knowingly violates or fails to
21 perform any of defendant's obligations under this agreement ("a
22 breach"), the United States may declare this agreement breached. All
23 of defendant's obligations are material, a single breach of this
24 agreement is sufficient for the United States to declare a breach,
25 and defendant shall not be deemed to have cured a breach without the
26 express agreement of the United States in writing. If the United
27 States declares this agreement breached, and the Court finds such a
28 breach to have occurred, then: (a) if defendant has previously

1 entered a guilty plea pursuant to this agreement, defendant will not
2 be able to withdraw the guilty plea, and (b) the United States will
3 be relieved of all its obligations under this agreement.

4 22. Following the Court's finding of a knowing breach of this
5 agreement by defendant, should the United States choose to pursue any
6 charge that was not filed as a result of this agreement, then:

7 a. Defendant agrees that any applicable statute of
8 limitations is tolled between the date of defendant's signing of this
9 agreement and the filing commencing any such action.

10 b. Defendant waives and gives up all defenses based on
11 the statute of limitations, any claim of pre-indictment delay, or any
12 speedy trial claim with respect to any such action, except to the
13 extent that such defenses existed as of the date of defendant's
14 signing this agreement.

15 c. Defendant agrees that: (i) any statements made by
16 defendant, under oath, at the guilty plea hearing (if such a hearing
17 occurred prior to the breach); (ii) the agreed to factual basis
18 statement in this agreement; and (iii) any evidence derived from such
19 statements, shall be admissible against defendant in any such action
20 against defendant, and defendant waives and gives up any claim under
21 the United States Constitution, any statute, Rule 410 of the Federal
22 Rules of Evidence, Rule 11(f) of the Federal Rules of Criminal
23 Procedure, or any other federal rule, that the statements or any
24 evidence derived from the statements should be suppressed or are
25 inadmissible.

26 //

27 //

28 //

COURT AND UNITED STATES PROBATION AND PRETRIAL SERVICESOFFICE NOT PARTIES

23. Defendant understands that the Court and the United States Probation and Pretrial Services Office are not parties to this agreement and need not accept any of the United States' sentencing recommendations or the parties' agreements to facts or sentencing factors.

24. Defendant understands that both defendant and the United States are free to: (a) supplement the facts by supplying relevant information to the United States Probation and Pretrial Services Office and the Court, (b) correct any and all factual misstatements relating to the Court's Sentencing Guidelines calculations and determination of sentence, and (c) argue on appeal and collateral review that the Court's Sentencing Guidelines calculations and the sentence it chooses to impose are not error, although each party agrees to maintain its view that the calculations in paragraph 11 are consistent with the facts of this case. While this paragraph permits both the United States and defendant to submit full and complete factual information to the United States Probation and Pretrial Services Office and the Court, even if that factual information may be viewed as inconsistent with the facts agreed to in this agreement, this paragraph does not affect defendant's and the United States' obligations not to contest the facts agreed to in this agreement.

25. Defendant understands that even if the Court ignores any sentencing recommendation, finds facts or reaches conclusions different from those agreed to, and/or imposes any sentence up to the maximum established by statute, defendant cannot, for that reason, withdraw defendant's guilty plea, and defendant will remain bound to

1 fulfill all defendant's obligations under this agreement. Defendant
2 understands that no one -- not the prosecutor, defendant's attorney,
3 or the Court -- can make a binding prediction or promise regarding
4 the sentence defendant will receive, except that it will be within
5 the statutory maximum.

6 NO ADDITIONAL AGREEMENTS

7 26. Defendant understands that, except as set forth herein,
8 there are no promises, understandings, or agreements between the
9 United States and defendant or defendant's attorney, and that no
10 additional promise, understanding, or agreement may be entered into
11 unless in a writing signed by all parties or on the record in court.

12 //

13 //

14 //

15 //

16 //

17 //

18 //

19 //

20 //

21 //

22 //

23 //

24 //

25 //

26 //

27 //

28 //

PLEA AGREEMENT FOR THE CHIEF OF POLICE HEARING

7

The undersigned, JOHN J. GILBERT, Chief of Police, of the City of New York, do hereby certify that the following is a true and correct copy of the plea agreement entered into by the undersigned and the undersigned's attorney, JOHN J. GILBERT, on the date of the hearing.

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

1 be asserted either prior to or at trial, of the sentencing factors
2 set forth in 18 U.S.C. § 3553(a), of relevant Sentencing Guidelines
3 provisions, and of the consequences of entering into this agreement.
4 To my knowledge: no promises, inducements, or representations of any
5 kind have been made to my client other than those contained in this
6 agreement; no one has threatened or forced my client in any way to
7 enter into this agreement; my client's decision to enter into this
8 agreement is an informed and voluntary one; and the factual basis set
9 forth in this agreement is sufficient to support my client's entry of
10 a guilty plea pursuant to this agreement.

11
12 

13
14 MICHAEL BROWN
15 Attorney for Defendant
16 DAVID LEE KAGEL

6-20-2023

Date

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

DAVID LEE KAGEL,

Defendant.

CR No.

I N F O R M A T I O N

[18 U.S.C. § 371: Conspiracy to
Commit Commodity Fraud]

The United States Attorney charges:

[18 U.S.C. § 371]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this Information:

1. Defendant DAVID LEE KAGEL was a resident of Beverly Hills, California. Defendant KAGEL was an attorney admitted to practice in the State of California, and was the sole attorney at his law firm, Kagel Law P.C., located in Los Angeles, California.

2. A "cryptocurrency" was a digital currency in which transactions were verified and records were maintained by a decentralized system using cryptography, rather than a centralized authority such as a bank or government. Like traditional fiat

Exhibit A

1 currency (defined below), there were multiple types of
2 cryptocurrencies, such as Bitcoin.

3 3. Cryptocurrency owners typically stored their cryptocurrency
4 in digital "wallets," which were identified by unique electronic
5 "addresses."

6 4. A "fiat currency" was a government-issued currency that was
7 not backed by a physical commodity, such as gold or silver. U.S.
8 Dollars, British Pounds, and Euros were examples of fiat currencies.

9 5. Cryptocurrencies, like Bitcoin, could be traded for various
10 fiat currencies on numerous electronic cryptocurrency exchanges.

11 6. Bitcoin was a "commodity" within the meaning of Title 7,
12 United States Code, Section 1a.

13 B. THE OBJECT OF THE CONSPIRACY

14 7. Beginning by no later than in or around December 2017 and
15 continuing until at least in or around June 2022, in Los Angeles
16 County, within the Central District of California, and elsewhere,
17 defendant KAGEL conspired with David Gilbert Saffron and with others
18 known and unknown to the United States Attorney, to knowingly and
19 willfully employ a manipulative and deceptive device, scheme, and
20 artifice to defraud in connection with a contract of sale of Bitcoin,
21 each such contract being a contract of sale of a commodity in
22 interstate commerce, in violation of Title 7, United States Code,
23 Sections 9(1) and 13(a)(5), and in violation of Title 17, Code of
24 Federal Regulations, Section 180.1(a).

25 C. MANNER AND MEANS OF THE CONSPIRACY

26 8. The object of the conspiracy was to be carried out, and was
27 carried out, in substance, as follows:
28

1 a. From in or around December 2017 through at least in or
2 around June 2022, defendant KAGEL with Saffron and their co-
3 conspirators fraudulently promoted and solicited investments and
4 obtained at least approximately \$15,000,000 in victim-investor funds
5 for various cryptocurrency trading programs. Defendant KAGEL,
6 Saffron, and their co-conspirators falsely represented to victim-
7 investors that Saffron traded investors' funds and cryptocurrency to
8 earn profits, including through purported cryptocurrency investment
9 vehicles using names such as Circle Society, Bitcoin Wealth
10 Management, the Omicron Trust, and Cloud9Capital, among other names.

11 b. Defendant KAGEL, Saffron, and their co-conspirators
12 were operating an illegal Ponzi scheme to defraud victim-investors
13 and to take and use the funds for their own personal benefit.

14 c. Defendant KAGEL and his co-conspirators made numerous
15 false representations to victim-investors to induce them to invest
16 cash or cryptocurrency in their cryptocurrency Ponzi scheme,
17 including that:

18 i. The investment programs used an artificial
19 intelligence trading robot (an "AI trading bot") to buy and sell
20 cryptocurrencies with victim-investors' funds that were "guaranteed"
21 to repay the principal investment and profits of 20% - 100% of the
22 principal investment amount within 30 days.

23 ii. Victim-investors' principal investments were
24 protected against loss for any reason and were guaranteed by a 1,000
25 Bitcoin wallet (approximately \$11 million in January 2018) held in
26 escrow by an attorney, namely, defendant KAGEL.

27 iii. Defendant KAGEL had himself invested in the
28 cryptocurrency trading programs - a false representation that was

1 designed to lend credibility to claims that potential investors'
2 funds would be safely invested.

3 d. When victim-investors demanded the return of their
4 initial investment and promised profits, defendant KAGEL made various
5 false representations about the reasons that he could not repay
6 investors until some later time, including but not limited to the
7 false representation that defendant KAGEL was prevented from repaying
8 investors because Saffron had disabled defendant KAGEL's access to
9 the 1,000 Bitcoin wallet, which purportedly guaranteed victim-
10 investors' funds.

11 9. In furtherance of the conspiracy, defendant KAGEL, together
12 with other co-conspirators:

13 a. Made materially false statements to victim-investors
14 regarding the high-yield returns that would purportedly result from
15 investing in Saffron's cryptocurrency trading programs;

16 b. Made materially false statements to victim-investors
17 regarding the use of invested funds, falsely representing that funds
18 would be used to trade cryptocurrency and fiat currency to generate
19 profits for the victim-investors;

20 c. Failed to state material facts that made the
21 statements misleading to victim-investors regarding how victim-
22 investors' funds would be used, omitting that funds would be used to
23 personally enrich defendant KAGEL, as well as other co-conspirators;

24 d. By and through the co-conspirators' scheme to defraud
25 victim-investors in connection with contracts of sale of Bitcoin,
26 each being a contract of sale of a commodity in interstate commerce,
27 made untrue statements of a material fact, and failed to disclose
28

1 material facts that resulted in making their statements misleading;
2 and

3 e. Made materially false statements to victim-investors
4 and to potential victim-investors to conceal the scheme and to induce
5 victims to re-invest in the scheme again.

6 D. OVERT ACTS

7 10. On or about the following dates, in furtherance of the
8 conspiracy and to accomplish its object, defendant KAGEL, together
9 with other conspirators, willfully committed and knowingly caused
10 others to commit the following overt acts, among others, within the
11 Central District of California, and elsewhere:

12 Overt Act No. 1: On January 21, 2018, defendant KAGEL spoke
13 to potential victim-investors to fraudulently induce them to invest
14 and falsely represented that, as an attorney, defendant KAGEL held a
15 1,000 Bitcoin wallet in escrow that would guarantee the victim-
16 investors' money against loss for any reason.

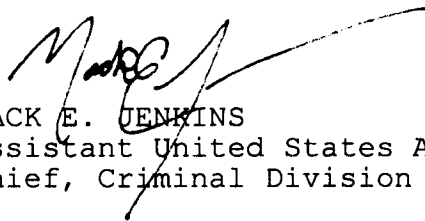
17 Overt Act No. 2: On January 21, 2018, defendant KAGEL sent
18 letters to victim-investors on letterhead from defendant KAGEL's law
19 firm falsely stating that defendant KAGEL had unrestricted access to
20 a 1,000 Bitcoin wallet that would be used to ensure repayment of the
21 victim-investors' initial investment.

22 Overt Act No. 3: On July 28, 2020, defendant KAGEL spoke with
23 Victim S.B. to refer Victim S.B. to Saffron for the purpose of
24 inducing Victim S.B.'s investment into the Ponzi scheme. Defendant
25 KAGEL falsely represented that Saffron was a successful
26 cryptocurrency trader, who made substantial returns for investors.
27 Defendant KAGEL knowingly and willfully omitted to tell Victim S.B.
28 that defendant KAGEL, together with Saffron and their co-

1 conspirators, intended to take and use Victim S.B.'s funds for their
2 own personal benefit, and the omission caused defendant KAGEL's
3 statements to Victim S.B. to be materially misleading.

4 Overt Act No. 4: On September 30, 2020, to allay Victim
5 S.B.'s concerns that Saffron had defrauded Victim S.B. of \$375,000
6 and to deter and delay Victim S.B. from acting on the concerns,
7 defendant KAGEL falsely represented that defendant KAGEL had also
8 invested with Saffron and defendant KAGEL trusted Saffron based on
9 defendant KAGEL's long relationship with Saffron as his attorney.

10
11 E. MARTIN ESTRADA
12 United States Attorney

13 
14 MACK E. JENKINS
15 Assistant United States Attorney
16 Chief, Criminal Division

17 RANEE A. KATZENSTEIN
18 Assistant United States Attorney
19 Chief, Major Frauds Section

20 JAMES C. HUGHES
21 Assistant United States Attorney
22 Major Frauds Section

23 GLENN S. LEON
24 Chief, Fraud Section
25 Criminal Division
26 U.S. Department of Justice

27 THEODORE M. KNELLER
28 Trial Attorney, Fraud Section
Criminal Division
U.S. Department of Justice

EXHIBIT B

STATEMENT OF FACTS

Defendant acknowledges that if this case proceeded to trial, the United States would prove the following facts, among others, which defendant acknowledges to be true, beyond a reasonable doubt:

I. Background

1. From in or around December 2017 to at least in or around February 2021, DAVID LEE KAGEL was a resident of Los Angeles County, California, within the Central District of California.

2. From in or around December 2017 to at least in or around March 2022, KAGEL was an attorney licensed to practice in the State of California.

3. At all relevant times to this Statement of Facts, KAGEL had known David Gilbert Saffron personally for several years.

4. Beginning in or around December 2017, and continuing until in or around June 2022, in Los Angeles County, within the Central District of California, and elsewhere, KAGEL knowingly and willfully participated in a scheme to defraud individuals in the United States by convincing them to invest in various cryptocurrency trading programs promoted by Saffron under the false pretense that Saffron would use an artificial intelligence trading robot ("AI trading bot") to trade investors' funds on global cryptocurrency exchanges.

5. In furtherance of the scheme to defraud, KAGEL, Saffron, and other co-conspirators, knowingly and willfully:

a. Made material untrue statements to potential investors, including that the AI trading bot could generate enormous profits and guaranteed that investors would be repaid 100% of the

1 principal investment plus 20% to 100% profits within 30 days of
2 investment.

3 b. Failed to disclose material facts to potential
4 investors that made the statements misleading, including that KAGEL,
5 Saffron, and other co-conspirators were operating an illegal Ponzi
6 scheme to defraud victim-investors and to take and use the victim-
7 investors' funds for KAGEL's and Saffron's own personal use and
8 benefit.

9 6. At all relevant times described in this Statement of Facts:

10 a. "Cryptocurrency" was a digital currency in which
11 transactions were verified and records were maintained by a
12 decentralized system using cryptography, rather than a centralized
13 authority such as a bank or government.

14 b. Many cryptocurrencies, including but not limited to
15 Bitcoin, were purchased and sold through the means of interstate
16 commerce on the relevant blockchain.

17 c. Cryptocurrency owners typically stored their
18 cryptocurrency in digital "wallets," which were identified by unique
19 electronic "addresses."

20 d. Cryptocurrencies, like Bitcoin, were traded for
21 various government-backed currencies, such as U.S. dollars, on
22 numerous electronic cryptocurrency exchanges in the United States and
23 around the globe.

24 **II. Sham 1,000 Bitcoin Escrow Wallet That "Guaranteed" Investments**

25 7. On or about January 7, 2018, KAGEL and Saffron agreed to
26 employ a manipulative and deceptive scheme to induce potential
27 investors to invest Bitcoin and other cryptocurrencies by offering to
28

1 "guarantee" the investments from loss with a sham 1,000 Bitcoin
2 wallet.

3 8. In and around January 2018, Saffron held numerous meetings
4 with potential investors in the Central District of California and
5 elsewhere.

6 9. Saffron falsely represented that he would trade
7 cryptocurrencies with investors funds using the AI trading bot that
8 Saffron claimed to have developed. Saffron guaranteed that he would
9 double investors' money within 30 days.

10 10. To create a false sense security and trust, Saffron falsely
11 represented that he had given a cryptocurrency wallet containing
12 1,000 Bitcoin to Saffron's attorney, KAGEL, to hold in escrow as a
13 guarantee against investors' loss for any reason.

14 11. Following Saffron's meetings with potential investors,
15 KAGEL knowingly and willfully made material untrue statements to the
16 potential investors, including that KAGEL, acting as Saffron's
17 attorney, held a cryptocurrency wallet containing 1,000 Bitcoin in
18 escrow that guaranteed investors' funds with Saffron against loss.

19 12. After speaking with numerous potential investors in or
20 around January 2018, KAGEL sent at least 21 potential investors
21 nearly identical letters on KAGEL's law firm letterhead (the
22 "Guarantee Letters") between on or about January 7 and January 21,
23 2018, which stated, among other things:

24 a. KAGEL, and his law firm Kagel Law, were legal counsel
25 to Saffron.

26 b. KAGEL understood that the investor would be depositing
27 Bitcoin and other forms of cryptocurrency with Saffron, which Saffron
28 would be investing on their behalf.

1 c. Saffron agreed to return the investor's deposit with a
2 profit.

3 13. KAGEL prepared and signed the Guarantee Letters.

4 14. To induce the investors to invest Bitcoin or other
5 cryptocurrency in Saffron's fraudulent trading program, KAGEL
6 knowingly and willfully included the following untrue statements of
7 material facts in the Guarantee Letters:

8 a. Saffron had given KAGEL unrestricted access to a
9 cryptocurrency wallet.

10 b. Such cryptocurrency wallet contained 1,000 Bitcoin.

11 c. KAGEL intended to use the 1,000 Bitcoin to repay
12 investor's deposit within 15 business days if Saffron was unable or
13 unwilling to pay the investor.

14 **III. In furtherance of the conspiracy, KAGEL Concealed the Scheme**
15 **to Defraud**

16 15. On or about January 21, 2018, KAGEL spoke to Victim H.C.,
17 and KAGEL knowingly and willfully made the untrue statement that he
18 held 1,000 Bitcoin in escrow for Saffron to guarantee Victim H.C.'s
19 deposit.

20 16. On or about January 21, 2018, KAGEL sent Victim H.C. a
21 Guarantee Letter described above.

22 17. On or about January 22, 2018, Victim H.C. invested \$100,000
23 cash with Saffron to be invested and traded in Bitcoin and other
24 cryptocurrencies on Victim H.C.'s behalf.

25 18. On or about January 23, 2018, law enforcement officers
26 arrested Saffron in Los Angeles, California for an outstanding arrest
27 warrant in Fulton County, Georgia on financial fraud-related charges.
28 Saffron remained in law enforcement custody until on or about

1 February 16, 2018.

2 19. On or about January 29, 2018, KAGEL knowingly and willfully
3 falsely represented to Victim H.C. that Saffron was recovering from
4 an attack in the hospital.

5 20. On or about February 5, 2018, an attorney representing
6 eight victims (the "Represented Victims") sent a letter to KAGEL
7 demanding that KAGEL use the 1,000 Bitcoin held in escrow to repay
8 206.5 Bitcoin (approximately \$3.35 million) to the Represented
9 Victims according to the terms of one of KAGEL's Guarantee Letters.

10 21. On or about February 5, 2018, negative comments accusing
11 Saffron of stealing Bitcoins appeared on consumer whistleblower
12 websites, including ripoffreport.com.

13 22. On or about February 12, 2018, KAGEL falsely stated in a
14 letter to the attorney for the Represented Victims that Saffron had
15 disabled KAGEL's access to cryptocurrency wallet containing 1,000
16 Bitcoin, and therefore, KAGEL was unable to pay the Represented
17 Victims. This statement was false because Saffron had never provided
18 KAGEL access to 1,000 Bitcoin.

19 23. On or about February 23, 2018, KAGEL sent to Victim G.H.
20 another Guarantee Letter, which was nearly identical to the prior
21 Guarantee Letters except that it (a) referred to Saffron as "David
22 Gilbert" instead of "David Saffron" to conceal Saffron's true
23 identity and hide public allegations against Saffron of Bitcoin fraud
24 and theft, and (b) falsely stated that KAGEL held a cryptocurrency
25 wallet with 1,500 Bitcoin to guarantee Victim G.H.'s investment.

26 //

27 //

28 //

IV. Saffron Transfers Bitcoin Valued at more than \$250,000 to KAGEL in 2018

24. Between on or about April 11, 2018 and December 5, 2018, Saffron made 15 Bitcoin transfers to multiple intermediaries of Bitcoin valued at more than \$250,000, which KAGEL knew were derived from Saffron and KAGEL's scheme to defraud investors.

25. The intermediaries, at Saffron's and KAGEL's direction, transferred the corresponding amount of funds in U.S. dollars to KAGEL's bank account ending in x6073, including but not limited to the following three transfers:

Approximate Date	Saffron Bitcoin (BTC) Transfer to Intermediary	Intermediary Bank Wire Amount to Kagel	Description of Wire
July 20, 2018	3.9995 BTC	\$ 25,000	Bank A Wire from Bitcoin Intermediary 1 in Texas to KAGEL's bank account x6073 at Bank B in Los Angeles, California
August 8, 2018	3.47798 BTC	\$ 20,000	Bank A Wire from Bitcoin Intermediary 1 in Texas to KAGEL's bank account x6073 at Bank B in Los Angeles, California
August 31, 2018	4.00232 BTC	\$ 25,000	Bank A Wire from Bitcoin Intermediary 1 in Texas to KAGEL's bank account x6073 at Bank B in Los Angeles, California

V. KAGEL Transferred Nearly \$200,000 to Saffron in 2020 in a Manner Designed to Conceal Saffron's Assets

26. On or about February 28, 2019, the U.S. Commodity Futures Trading Commission ("CFTC"), took KAGEL's testimony in connection

1 with the CFTC's investigation of Saffron and KAGEL's illegal Ponzi
2 scheme.

3 27. The CFTC was and is a United States government civil
4 regulatory agency that is responsible for enforcing prohibitions on
5 fraud in U.S. commodity derivatives markets.

6 28. On or about July 24, 2019, KAGEL and Saffron's co-
7 conspirator, Co-Conspirator 1 ("CC-1"), agreed to and did add Saffron
8 as a signatory to CC-1's corporate bank account ending in x2409.

9 29. On or about September 30, 2019, the CFTC filed a complaint
10 in the U.S. District Court of Nevada alleging that Saffron defrauded
11 investors in connection with cryptocurrency investments. CFTC v.
12 David Gilbert Saffron, et al., 2:19-cv-01697 (D. Nev.) (ECF 1).

13 30. On or about December 6, 2019, the U.S. District Court of
14 Nevada ordered that all of Saffron's assets be frozen and subject to
15 a "full and truthful accounting." (Id. at ECF 31).

16 31. From on or about May 27, 2020 to on or about July 28, 2020,
17 KAGEL made six bank wire transfers totaling \$120,000 to bank account
18 ending in x2409 in which CC-1 and Saffron were signatories.

19 32. KAGEL knew that the \$120,000 were the proceeds of fraud.

20 33. KAGEL knew that the transfers of the \$120,000 to the
21 corporate bank account ending in x2409, to which Saffron was a
22 signatory, were designed, in whole or in part, to conceal or disguise
23 the location, source, ownership, and control of the proceeds.

24 //

25 //

26 //

27 //

28 //

34. KAGEL made the following bank wire transfers:

Approximate Date	Intermediary Bank Wire Amount From Kagel	Description of Wire
May 27, 2020	\$ 30,000	Wire from KAGEL's bank account x6073 to CC-1's bank account x2409
July 22, 2020	\$ 15,000	Wire from KAGEL's bank account x6073 to CC-1's bank account x2409
July 23, 2020	\$ 15,000	Wire from KAGEL's bank account x6073 to CC-1's bank account x2409
July 24, 2020	\$ 10,000	Wire from KAGEL's bank account x6073 to CC-1's bank account x2409
July 27, 2020	\$ 20,000	Wire from KAGEL's bank account x6073 to CC-1's bank account x2409
July 28, 2020	\$ 30,000	Wire from KAGEL's bank account x6073 to CC-1's bank account x2409

35. Between on or about June 15, 2020 to August 4, 2020, KAGEL sent 25 bank-to-bank transfers for \$5,000 or less via a money transfer App totaling \$78,250.

36. KAGEL knew that the \$78,250 were the proceeds of fraud.

37. Each transfer from KAGEL's bank account ending in x6073 to Saffron's personal bank account ending in x3959. KAGEL and Saffron agreed to send several transfers of \$5,000 or less via the money transfer App to conceal the location, source, ownership, and control of the proceeds.

V. KAGEL Defrauded Victim S.B.

38. On or about July 28, 2020, to induce Victim S.B. to invest with Saffron, KAGEL falsely stated to Victim S.B. that Saffron was a genius cryptocurrency trader, who made substantial returns for investors.

1 39. KAGEL knowingly and willfully failed to tell Victim S.B.
2 material facts that resulted in making KAGEL's statements to
3 Victim S.B. misleading, including that:

4 a. A court entered a judgment against KAGEL and Saffron
5 in a lawsuit for defrauding Bitcoin investors in 2018.

6 b. The CFTC had sued Saffron in 2019 for fraud in
7 connection with Bitcoin and other cryptocurrencies.

8 c. KAGEL and Saffron intended to use Victim S.B.'s
9 investment for their own personal use and benefit.

10 40. KAGEL knowingly and willfully made material untrue
11 statements to Victim S.B. to induce Victim S.B.'s investment in
12 Saffron's sham cryptocurrency trading program, including that:

13 a. KAGEL believed that Victim S.B. could trust Saffron
14 because KAGEL had personally known Saffron for a long time and had
15 worked as Saffron's attorney.

16 b. Saffron was trustworthy and so successful at
17 cryptocurrency trading that KAGEL had invested a substantial amount
18 of his own money with Saffron.

19 41. On or about September 16, 2020, in reliance on KAGEL's and
20 Saffron's knowing and willful statements of untrue material facts and
21 failures to disclose material facts that made their statements
22 misleading, Victim S.B. invested the approximate equivalent of
23 \$375,000 in Bitcoin and other cryptocurrency with Saffron through an
24 investment firm called Cloud9Capital.

25 42. In reliance on KAGEL and Saffron's material untrue
26 statements, Victim S.B. believed that Saffron would trade
27 Victim S.B.'s cryptocurrency investment at Cloud9Capital, and Victim
28 S.B. would have his investment repaid with a 20% profit in 30 days.

1 43. In truth, Cloud9Capital was a sham cryptocurrency trading
2 program that SAFFRON falsely represented was operated by a third
3 party, and, in fact, Saffron controlled the cryptocurrency wallet
4 that received Victim S.B.'s investment.

5 44. On or about September 30, 2020, Victim S.B. contacted KAGEL
6 because Victim S.B. had become concerned that Saffron was not honest
7 and trustworthy and did not intend to repay Victim S.B. as promised.

8 45. In an attempt to delay or deter Victim S.B. from acting,
9 KAGEL falsely stated, knowingly and willfully, that Saffron was
10 trustworthy and could be depended upon to repay Victim S.B. timely
11 and in full.

12 46. But in truth and in fact, KAGEL and Saffron kept
13 Victim S.B.'s investment for their own personal use and benefit and
14 had never intended to repay Victim S.B.

15 47. During the period of KAGEL's participation in the
16 conspiracy, KAGEL and his co-conspirators defrauded victims of more
17 than \$9,500,000.

CERTIFICATE OF SERVICE

I, **T. Montes**, declare:

That I am a citizen of the United States and a resident of or employed in Los Angeles County, California; that my business address is the Office of United States Attorney, 312 North Spring Street, Los Angeles, California 90012; that I am over the age of 18; and that I am not a party to the above-titled action;

That I am employed by the United States Attorney for the Central District of California, who is a member of the Bar of the United States District Court for the Central District of California, at whose direction I served a copy of:

PLEA AGREEMENT FOR DEFENDANT DAVID LEE KAGEL

☐ Placed in a closed envelope for collection and inter-office delivery, addressed as follows:

☐ Placed in a sealed envelope for collection and mailing via United States mail, addressed as follows:

☐ By hand delivery, addressed as follows:

☒ By email, as follows:
c/o David Lee Kagel
Michael L. Brown, DFPD
Office of the Federal Public Defender
321 E 2nd Street
Los Angeles, CA 90012
Email: Michael L Brown@fd.org

☐ By messenger, as follows:

☐ By Federal Express, as follows:

This Certificate is executed on June 27, 2022, at Los Angeles, California. I certify under penalty of perjury that the foregoing is true and correct.

/s/

T. Montes
Legal Assistant